

Message Text

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ACTION COME-00

INFO OCT-01 AF-06 ISO-00 EB-07 DOTE-00 H-01 EA-06 EUR-12

RSC-01 /034 W

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R 231135Z JAN 75

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 7679

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E.O. 11652: N/A

TAGS: BEXP, BMEP, ELTN, NI

SUBJECT: MAJOR PROJECT: RAILWAY DEVELOPMENT

REF: STATE 6449

1. SUMMARY. IN SUPPORT OF PULLMAN REQUEST TO COMMERCE WE HAVE MADE KNOWN TO PERMSEC IN MINISTRY OF TRANSPORT USG INTEREST IN INCLUSION US FIRM ON SHORT LIST. END SUMMARY.

2. WE BELIEVE FMG WILL MAKE UP SHORT LIST FOR THIS PROJECT ON BASIS OBJECTIVE EVALUATION OF FIRMS'S CAPABILITIES AND EXPERIENCE AND OF THEIR PROPOSALS. IN THAT RESPECT WE HAVE NO REASON SUPPOSE US FIRMS AT DISADVANTAGE.

3. MAIN PROBLEM FOR US FIRMS IS PROBABLY ONE NOTED REFTEL, NAMELY "LATE START MADE BY AMERICAN INDUSTRY" IN RAILROAD FIELD IN NIGERIA, AS WE NOTED, JAPANESE AND CANADIANS ACTIVE IN RAILROAD FIELD HERE FOR SOME TIME AND HAVE ESTABLISHED RELATIONS WITH OFFICIALS AND NIGERIAN BUSINESS ASSOCIATES. HOWEVER, SO FAR AS SUBMISSIONS ON THIS PROJECT CONCERNED ALL FIRMS STARTED FROM SCRATCH. DECISION CONVERT TO STANDARD GUAGE ONLY ANNOUNCED IN HEAD OF STATE'S OCTOBER 1 SPEECH AND CAME AS SURPRISE TO MINISTRY OF TRANSPORT'S OWN PLANNING UNIT. NIGERIAN RAILWAY CORPORATION LETTER INVITING PROPOSALS SENT OUT FIRST WEEK IN NOVEMBER AND EMBASSY CABLE ON SUBJECT SENT NOVEMBER 12. PRIOR TO THAT

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LETTER FOREIGN FIRMS COULD HAVE HAD ONLY RUMORS

ARISING OUT OF RELATIONS THEY HAVE ESTABLISHED HERE.

4. WE HAVE NO INDICATION OF SPECIAL DIPLOMATIC ACTIVITY BY OTHER EMBASSIES OR GOVERNMENTS IN SUPPORT OF THEIR FIRMS, OTHER THAN JAPANESE TECHNICAL MISSION ALREADY REPORTED, AND MCCABE DID NOT RAISE THIS POINT IN CONVERSATIONS HE HAD WITH US. HOWEVER AS WE HAVE ALSO REPORTED, HAPANESE AND CANADIANS HAVE OFFERED EXTREMELY ATTRACTIVE FINANCING TERMS TO RAILWAY CORPORATION IN PAST DEALS AND THIS IS KIND OF TANGIBLE GOVERNMENT SUPPORT THAT PRESUMABLY COULD INFLUENCE NRC DECISION. IN ADDITION, IT IS RELEVANT THAT NIGERIANS HAVE FAVORABLE IMPRESSION OF RAILROAD SYSTEMS IN JAPAN, CANADA AND EUROPE AND LITTLE KNOWLEDGE OF US SITUATION. IT WAS FOR THAT REASON WE SUGGESTED NZEGWU VISIT TO US AND WE ARE PURSUING THIS.

5. AS WE HAVE INDICATED, WE EXPECT TOUGH COMPETITION IN THIS PROJECT, AND JAPANESE AND CANADIANS DO HAVE ADVANTAGE THAT THEY HAVE BEEN ACTIVE IN THIS FIELD AND ARE KNOWN QUANTITY TO NIGERIANS. IN OUR REPRESENTATION TO MOT WE STRESSED THAT ALTHOUGH US FIRMS NEWCOMERS THEY HAVE PROVEN CAPABILITIES AND EXPERIENCE. WE ALSO MADE POINT THAT USG HAD BEEN INSTRUMENTAL IN ATTRACTING THESE US NEWCOMERS TO SUBMIT PROPOSALS AND THAT THIS WAS PART OF USG EFFORT ASSOCIATE US INDUSTRY MORE CLOSELY WITH NIGERIA'S DEVELOPMENT. WE WILL PURSUE OUR EFFORTS BUT THERE CAN BE NO DOUBT THAT MOT AWARE OF USG INTEREST IN THIS PROJECT.

6. WE GREATLY APPRECIATE MEPD SUPPORT AND TRUST MEPD WILL CONTINUE TO MAKE POINT TO US FIRMS THAT IT IS IMPORTANT FOR THEM TO MATCH EFFORTS JAPANESE AND OTHER FIRMS TO DEVELOP CONTINUING RELATIONSHIP IN NIGERIAN OFFICIAL AND BUSINESS COMMUNITIES.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 23 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LAGOS00730
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750025-1086
From: LAGOS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750127/aaaaaxpm.tel
Line Count: 94
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION COME
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 6449
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 27 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27 AUG 2003 by ElyME>; APPROVED <15 DEC 2003 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MAJOR PROJECT: RAILWAY DEVELOPMENT
TAGS: BEXP, NI
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006